

WASHINGTON (September 22) – Congressman Spencer Bachus (AL-6), Ranking Member on the House Financial Services Committee, today said the U.S. economy is being held back by the uncertainty and new costs being created by government policies.

Bachus delivered the following statement in front of Treasury Secretary Timothy Geithner at a committee hearing on banking and financial regulations. To view Bachus' remarks, [click here](#).

□□□□□□□□□□ America is the largest economy in the world, larger than our four next competitors.□ We got there through choice, competition, and freedom...not by the government running everything.□

□□□□□□□□□□ A famous investor once said, "I can make money no matter what the rules are.□ I just need to know the rules."□□ In the wake of this recession – which was brought on by Wall Street excess and government incompetence – the American people have not asked for a bailout or special favors or for more government programs and they certainly have not been clamoring for higher taxes.□ They have asked for two things:□ for government to stop making things worse, and for some semblance of economic certainty.□ They just need to know what the rules are.□

□□□□□□□□□□ Instead, what they have been given is a bloated bureaucracy, more government control, and still more uncertainty.□ In response to the greatest financial crisis this country has witnessed since the Great Depression, our colleagues on the other side of the aisle decided that the answer was not to identify the causes and fix them or to identify where government and the regulators failed.□ No, they decided that the solution was to draft a 2,300-page bill; direct the same regulatory agencies that missed the crisis to come up with literally hundreds of new Federal regulations; and empower a new generation of bureaucrats to exercise command and control over the economy for years to come.

□□□□□□□□□□□□□□ With the recent release of proposed international capital standards by the Basel Committee in Switzerland, yet another element of uncertainty has been added to the regulatory mix.□ We can all agree that banks in the U.S. and overseas held insufficient capital to withstand the financial panic that struck the global economy in late

2008. " Indeed, I pointed out when Secretary Paulson first unveiled the original TARP proposal that the major challenge the banks were facing at that time was a shortage of capital, not a toxic asset problem. " " " " " " " " " " "

" " " " " " " " " But higher capital standards alone will not provide the stability our financial system requires to support a full economic recovery and the prosperity our citizens need and demand. Over reliance on increased capital involves a trade-off that every Member of this Committee needs to consider. Higher capital standards mean less credit, and less credit means fewer jobs and less economic growth. We need to be sure that the standards we adopt really do make the financial system more resilient without needlessly sacrificing even more jobs. But on something as important as this, the Administration has failed once again to give Americans the certainty they need. " " "

" " " " " " " " " We don't know how much new capital our banks will need to raise. We don't know how many loans they will call in to meet these standards. We don't know how many businesses and consumers will be denied credit so that banks can comply with Basel III. And the reason we don't know is that we're still trying to figure out how the Administration is going to implement the new standards, and how those new standards will interact with Dodd-Frank. Until these questions are answered, it is impossible to say whether the Basel process will yield a more sustainable global banking system, or instead serve as yet another obstacle to economic recovery. " "

" " " " " " " " " Because this is likely to be the last opportunity this Committee has to hear from Secretary Geithner in this Congress, I hope that he can provide some of the certainty that our markets, our businesses, and our citizens are demanding, and that our country so desperately needs. "

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